Introduced Version

SENATE BILL No. 346

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DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Property tax circuit breaker. Eliminates the 2% assessed value property tax circuit breaker credit after 2008. Provides a property tax credit equal to the amount by which a property taxpayer's property tax liability exceeds 102% of the property tax liability imposed in the preceding year. Indicates that any reduction in collections due to the property tax credit does not relieve a political subdivision from the requirement of fully funding the payment of debt service or lease rentals.

Effective: July 1, 2008.

Delph

January 14, 2008, read first time and referred to Committee on Tax and Fiscal Policy.

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2008
IN 346—LS 6051/DI 51+

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~
  Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
  Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

SENATE BILL No. 346

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1   SECTION 1. IC 6-1.1-20.6-6.5, AS AMENDED BY P.L.224-2007,
2   SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3   JULY 1, 2008]: Sec. 6.5. ~~(a) This subsection applies only to property~~
4   ~~taxes first due and payable after December 31, 2006, and before~~
5   ~~January 1, 2008, attributable to qualified residential property located~~
6   ~~in Lake County. A person is entitled to a credit each calendar year~~
7   ~~under section 7(a) of this chapter against the person's property tax~~
8   ~~liability for property taxes first due and payable in that calendar year~~
9   ~~attributable to the person's qualified residential property. However, the~~
10   ~~county fiscal body may, by ordinance adopted before January 1, 2007,~~
11   ~~limit the application of the credit granted by this subsection to~~
12   ~~homesteads.~~
13   ~~(b)~~ **(a)** This subsection applies only to property taxes first due and
14   payable after December 31, 2007, and before January 1, ~~2010.~~ **2009.** A
15   person is entitled to a credit each calendar year under section 7(a) of
16   this chapter against the person's property tax liability for property taxes
17   first due and payable in that calendar year attributable to

1	(1) the person's qualified residential property, in the case of a
2	calendar year before 2008; or
3	(2) the person's homestead (as defined in IC 6-1.1-20.9-1)
4	property. in the case of a calendar year after 2007 and before
5	2010.
6	(c) **(b)**This subsection applies only to property taxes first due and
7	payable after December 31, 2009. **2008.** A person is entitled to a credit
8	each calendar year under section 7(b) of this chapter against the
9	person's property tax liability for property taxes first due and payable
10	in that calendar year attributable to the person's real property and
11	personal property.
12	SECTION 2. IC 6-1.1-20.6-7, AS AMENDED BY P.L.224-2007,
13	SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14	JULY 1, 2008]: Sec. 7. (a) In the case of a credit authorized under
15	section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this
16	chapter for property taxes first due and payable in a calendar year:
17	(1) a person is entitled to a credit against the person's property tax
18	liability for property taxes first due and payable in that calendar
19	year attributable to
20	(A) the person's qualified residential property located in the
21	county; in the case of a calendar year before 2008; or
22	(B) the person's homestead (as defined in IC 6-1.1-20.9-1)
23	property located in the county; in the case of a calendar year
24	after 2007 and before 2010; and
25	(2) the amount of the credit is the amount by which the person's
26	property tax liability attributable to
27	(A) the person's qualified residential property in the case of a
28	calendar year before 2008; or
29	(B) the person's homestead property; in the case of a calendar
30	year after 2007 and before 2010;
31	for property taxes first due and payable in that calendar year exceeds
32	two percent (2%) of the gross assessed value that is the basis for
33	determination of property taxes on the qualified residential property (in
34	the case of a calendar year before 2008) or the person's homestead
35	property (in the case of a calendar year after 2007 and before 2010) for
36	property taxes first due and payable in that calendar year. as adjusted
37	under subsection (c).
38	(b) In the case of a credit provided by section 6.5(c) **6.5(b)** of this
39	chapter for property taxes first due and payable in a calendar year:
40	(1) a person is entitled to a credit against the person's property tax
41	liability for property taxes first due and payable in that calendar
42	year attributable to the person's real property and personal

1   property located in the county; and
2   (2) the amount of the credit is equal to ~~the following:~~
3   ~~(A) In the case of property tax liability attributable to the~~
4   ~~person's homestead property, the amount of the credit is~~ the
5   amount by which the person's property tax liability ~~attributable~~
6   ~~to the person's homestead property~~ for property taxes first due
7   and payable in that calendar year **for tangible property**
8   **assessed to the person in both the assessment date for that**
9   **calendar year and the immediately previous assessment**
10   **date in the same taxing district** exceeds **one hundred** two
11   percent ~~(2%)~~ **(102%)** of the ~~gross assessed value that is the~~
12   ~~basis for determination of property taxes on the homestead~~
13   ~~property for property taxes first due and payable in that~~
14   ~~calendar year, as adjusted under subsection (c).~~ **property tax**
15   **liability imposed on the tangible property in the**
16   **immediately preceding calendar year.**
17   ~~(B) In the case of property tax liability attributable to property~~
18   ~~other than homestead property, the amount of the credit is the~~
19   ~~amount by which the person's property tax liability attributable~~
20   ~~to the person's real property (other than homestead property)~~
21   ~~and personal property for property taxes first due and payable~~
22   ~~in that calendar year exceeds three percent (3%) of the gross~~
23   ~~assessed value that is the basis for determination of property~~
24   ~~taxes on the real property (other than homestead property) and~~
25   ~~personal property for property taxes first due and payable in~~
26   ~~that calendar year, as adjusted under subsection (c).~~
27   ~~(c) This subsection applies to property taxes first due and payable~~
28 ~~after December 31, 2007. The amount of a credit to which a person is~~
29 ~~entitled under subsection (a) or (b) in a county shall be adjusted as~~
30 ~~determined in STEP FIVE of the following STEPS:~~
31   ~~STEP ONE: Determine the total amount of the person's property~~
32   ~~tax liability described in subsection (a)(1) or (b)(1) (as applicable)~~
33   ~~that is for tuition support levy property taxes.~~
34   ~~STEP TWO: Determine the total amount of the person's property~~
35   ~~tax liability described in subsection (a)(1) or (b)(1) (as~~
36   ~~applicable).~~
37   ~~STEP THREE: Determine the result of:~~
38   ~~(A) the STEP TWO amount; minus~~
39   ~~(B) the STEP ONE amount.~~
40   ~~STEP FOUR: Determine the result of:~~
41   ~~(A) the STEP THREE amount; divided by~~
42   ~~(B) the STEP TWO amount.~~

1 ~~STEP FIVE: Multiply the credit to which the person is entitled~~
2 ~~under subsection (a) or (b) by the STEP FOUR amount.~~
3 ~~Notwithstanding any other provision of this chapter, a school~~
4 ~~corporation's tuition support property tax levy collections may not be~~
5 ~~reduced because of a credit under this chapter.~~
6 **(c) The department of local government finance may permit a**
7 **county to use any formula that reaches the result determined under**
8 **subsection (b). The department of local government finance may**
9 **adopt rules under IC 4-22-2 or guidelines, or both, to implement**
10 **this section.**
11 SECTION 3. IC 6-1.1-20.6-9.5, AS ADDED BY P.L.162-2006,
12 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2008]: Sec. 9.5. (a) This section applies only to credits under
14 this chapter against property taxes first due and payable after December
15 31, 2006.
16 (b) The application of the credit under this chapter results in a
17 reduction of the property tax collections of each ~~political subdivision~~
18 **taxing unit that levies a property tax** in **a taxing district to** which
19 the credit is applied. A ~~political subdivision~~ **taxing unit** may not
20 increase its property tax levy to make up for that reduction.
21 (c) The county auditor shall in each calendar year notify each
22 ~~political subdivision~~ **taxing unit that levies a property tax** in **a taxing**
23 **district to** which the credit under this chapter is applied of the
24 reduction of property tax collections referred to in subsection (b) for
25 the ~~political subdivision~~ **taxing unit** for that year.
26 (d) A ~~political subdivision~~ **taxing unit** may not borrow money to
27 compensate the ~~political subdivision~~ **taxing unit** or any other ~~political~~
28 ~~subdivision~~ **taxing unit** for the reduction of property tax collections
29 referred to in subsection (b).
30 **(e) Taxing units are required by law to fully fund the payment**
31 **of debt service or lease rentals in an amount sufficient to pay any**
32 **debt service or lease rentals on outstanding obligations, regardless**
33 **of any reduction in collections due to the application of tax credits**
34 **granted under this chapter. Any reduction in collections must be**
35 **applied to the other funds of the taxing unit after debt service or**
36 **lease rentals have been fully funded. The department of local**
37 **government finance shall enforce this subsection.**